



*Unofficial translation of the*  
**ENFORCEMENT POLICY**

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**DISCLAIMER OF LIABILITY**

*This is the unofficial translation of the original document in Dhivehi. In the event of conflict between this translation and the Dhivehi version of this document, the latter shall prevail. Therefore, it is advised that both the Dhivehi version of this document and this translation be read concurrently.*

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# ENFORCEMENT POLICY

## CHAPTER 1: INTRODUCTION

### 1. Introduction

- (a) This Policy formulates the procedures in enforcing the collection of tax, fee, rent, royalty and any other payment which has not been paid to MIRA pursuant to the respective Laws, Regulations and Agreements.
- (b) This Policy is formulated under Sections 44, 45 and 64 of the Tax Administration Regulation (Regulation Number 2013/R-45), with reference to Sections 47(a) and 49 of the Tax Administration Act (Law Number 3/2010).
- (c) This policy shall be cited as the “Enforcement Policy”.

### 2. Objective

The objective of this Policy is to formulate a fair and transparent procedure in enforcing the collection of tax, fee, rent, royalty and other payments not paid to MIRA pursuant to the respective Laws, Regulations and Agreements.

## CHAPTER 2: COLLECTION OF OUTSTANDING DUES

### 3. Procedure on taking action

MIRA shall take enforcement action to collect outstanding dues as follows:

- (a) Where a person fails to make payment by a given deadline, a notice (“First Notice”) shall be issued to such person, requiring the payment to be made within 30 (thirty) days.
- (b) Where payment is not made within the 30 (thirty) day period stipulated in the First Notice, a notice (“Second Notice”) shall be issued to such person, requiring the payment to be made within 20 (twenty) days, and that failure to do so shall result in legal action being taken against such persons.

- (c) Where payment is not made within the period stipulated in the Second Notice, and where an instalment plan to pay the outstanding amount has not been agreed upon with MIRA pursuant to Chapter Three of this Policy, the following actions shall be taken to enforce the collection of outstanding dues:
- (1) Freezing the bank account of the such person and collecting the payment in accordance with Chapter Four of this Policy;
  - (2) Requesting State Institutions to take action against such person in accordance with Chapter Five of this Policy;
  - (3) Requesting a third person to make payment to MIRA in accordance with Chapter Six of this Policy;
  - (4) Filing a case against such person in the Civil Court in accordance with Chapter Seven of this Policy;
  - (5) Where judgment is passed by the Civil Court stating that the person must pay the amount claimed by MIRA and the person does not make the payment in accordance with the Court's judgment, making a charge upon such person's property pursuant to Section 46 of the Act and executing the warrant.
- (d) Though MIRA shall usually take action to enforce the collection of outstanding dues in the order specified in subsection (c), MIRA shall have the discretion to take action in any order or at the same time, with reference to the particular circumstances.

#### **4. Additional amounts payable in relation to the revenue type for which a notice has been issued**

Where an additional amount becomes payable by any person in relation to an outstanding tax, rent, royalty or any other payment for which an enforcement action stipulated in Section 3(c) of this Policy has been taken, the total amount outstanding shall be considered as the total amount outstanding when action is taken to enforce dues collection, even if a notice has not been given for the additional amount in accordance with Section 3(a) and (b) of this Policy.

#### **5. Notice of Tax Assessment considered as the First Notice**

The "Notice of Tax Assessment" sent to the taxpayer pursuant to any Tax Law shall be considered as the First Notice referred to in Section 3(a) of this Policy.

## **6. Procedure to be followed if a taxpayer has objected to a MIRA decision**

- (a) Where the person with outstanding dues has filed an objection to the outstanding amount pursuant to Section 35 of the Regulation, no enforcement action shall be taken against the person in accordance with Section 3 of this Policy, until MIRA makes a decision regarding such objection.
- (b) Where MIRA makes a decision and notifies the objecting taxpayer to pay the outstanding amount in full or in part, such notification shall be considered as the Second Notice referred to in Section 3(b) of this Policy.

## **7. Persons requesting payment via instalment plan**

- (a) Notwithstanding the notices issued in accordance with Section 3(a) and (b) of this Policy or enforcement action being undertaken in accordance with subsection (c) of the aforementioned Section, requests to pay via an instalment plan may be granted to persons who are unable to settle the outstanding payment at once, in accordance with Chapter Three of this Policy.
- (b) As long as a person granted the opportunity to make payment via an instalment plan pursuant to Chapter Three of this Policy is making payment in accordance with the agreement, no enforcement action stated in this Policy shall be taken against such person.
- (c) Notwithstanding subsection (b), where a cheque issued by a person to MIRA is dishonoured, action shall be taken against the person who presented the cheque, in accordance with Chapter Eight of this Policy.

## **8. Accumulation of fines and interest until full settlement of the outstanding dues**

Notwithstanding the notices issued to the person in default pursuant to Section 3 of this Policy or enforcement action taken against such person in accordance with this Policy, where any fine or interest accumulate pursuant to the Law, Regulation or Agreement upon which the outstanding amount is based, such fine or interest shall accumulate until the full settlement of outstanding dues.

## **9. Disclosure of names**

Names of non-filers of returns and persons with outstanding dues shall be disclosed in accordance with Chapter Nine of this Policy.

## **10. Taking action against persons who cannot be traced**

Action shall be taken against persons whom MIRA is unable to trace, in accordance with Chapter Ten of this Policy.

## **CHAPTER 3: PAYMENT VIA INSTALMENT PLAN**

### **11. Procedure on payment via instalment plan**

- (a) Persons who wish to settle an outstanding amount in instalments, shall submit a "Request for Instalment Plan" (MIRA 905) form together with the information and documents specified therein, to MIRA.
- (b) Persons who have been granted approval to settle an outstanding amount in instalments in accordance with this Chapter, shall be provided a period of 1 (one) Gregorian calendar month for each instalment payment.
- (c) The instalment plan granted to persons who submit requests pursuant to subsection (a) shall include all outstanding amounts payable for all revenue codes at that time (inclusive of applicable fines and interest).

### **12. Requirements for entitlement of payment via instalment plan**

- (a) The following requirements must be fulfilled by a person who submits a request in accordance with Section 11(a) to pay outstanding dues on instalment basis, for the request to be granted.
  - (1) 50 (fifty) days has elapsed from the date the payment in question became due, or the First and Second Notice have been issued under Section 3(a) and (b) of this Policy;
  - (2) The person has submitted all tax returns and other relevant documents due;
  - (3) The person has made a commitment payment with respect to the outstanding amount determined in accordance with Section 13(b) of this Policy;
  - (4) The person has signed an agreement accepting the terms and conditions of the instalment plan and the proposed schedule of instalment payments as determined by MIRA;
  - (5) The person has issued to MIRA "post-dated" cheques for the dates that each instalment payment is due;

- (6) Where the person has already been granted approval to make payment of outstanding dues in instalments in accordance with this Chapter, such payments are being made in accordance with the instalment agreement;
  - (7) Where the person has previously been granted approval to make payment in instalments in accordance with this Chapter, 6 (six) months has passed since the end of the last instalment agreement with MIRA;
  - (8) Where the person has previously been granted approval to make payment in instalments in accordance with this Chapter, and the instalment agreement was terminated by MIRA due to failure to make payments in accordance with the agreement, 12 (twelve) months has passed from the date of termination of such agreement.
- (b) The Commissioner General shall have the discretion to reject requests for making payments related to GST on instalment basis pursuant to this Chapter, with reference to the particular circumstances.
  - (c) Notwithstanding subsections (a)(7) and (8), the Commissioner General shall have the discretion to accept a request to make payment on instalment basis with reference to the particular circumstances, even though the requirements in the aforementioned articles have not been fulfilled.
  - (d) Requests for payment in instalments pursuant to this Chapter can only be submitted after the date the outstanding amount is due.

### **13. Factors to be considered when accepting a request for payment via instalment plan**

- (a) Requests for payment of outstanding dues on instalment basis shall be accepted as prescribed in Schedule 1 of this Policy.
- (b) Payment of outstanding dues on instalments basis shall be granted to a person only if such person makes the commitment payment stipulated in Schedule 1 of this Policy within 10 (ten) days (or any other period determined by MIRA) of the notice from MIRA granting such request.
- (c) The number of instalments shall be based on the total amount payable by the person before the commitment payment payable in accordance with subsection (c) is made.
- (d) Notwithstanding any action taken pursuant to Section 3(c) of this Policy, the Commissioner General may, at his discretion, grant a person approval to pay an outstanding amount on instalment basis in accordance with Schedule 1 of this Policy.

- (e) Notwithstanding subsection (d), where action is taken against any person under Section 3(c)(1) of this Policy, approval to pay the outstanding amount on instalment basis shall be granted only after collecting all amounts recoverable from the person's bank accounts under Chapter 4 of this Policy.

#### **14. Termination of instalment agreement**

The Commissioner General may, at his discretion, take action against a person in accordance with Section 3 of this Policy, without giving any prior notice, where an agreement signed to make instalment payments in accordance with this Chapter is terminated due to the following:

- (a) An instalment payable under the agreement is not paid without reasonable excuse within 10 (ten) days from the due date for the instalment;
- (b) Failure to submit any documents or make any payments or fulfil any other obligations in accordance with a Taxation Act or an Agreement after the date of signing an instalment agreement.
- (c) For the purposes of subsection (a), the following circumstances shall be considered as reasonable excuses:
  - (1) Faced an accident or natural disaster;
  - (2) Incapacitating health problems;
  - (3) Any other circumstance the Commissioner General believes is out of the taxpayers control

#### **15. Other matters related to the instalment plan**

Notwithstanding the approval to make payment under an instalment plan pursuant to this Chapter, where non-payment of the amount results in the accrual of fines and interest, such fines and interest shall accrue until the outstanding amount is settled in full.

#### **16. Procedure in relation to persons who are subject to legal action by MIRA**

Where judgment has been passed by the Civil Court in a case filed against a person to pay the outstanding dues claimed by MIRA, such person shall not be given the opportunity to settle the amount on instalment basis.

## **CHAPTER 4: ACCESSING INFORMATION OF BANK ACCOUNTS OF TAXPAYERS AND FREEZING THEIR BANK ACCOUNTS**

### **17. Notification to freeze bank accounts**

- (a) The notification to freeze bank accounts held by persons with outstanding dues payable to MIRA shall be issued to the banks through the MMA. Such notices shall be issued by MIRA to the MMA through the designated form. The form shall include the following details:
- (1) Name, address and TIN of the person in default;
  - (2) Registration Number or Identity Card number and other information that would help identify the bank account numbers of the person in default;
  - (3) The outstanding amount;
  - (4) The reason for freezing the account.
- (b) The MMA shall notify the banks to freeze the bank accounts, in writing, within 2 (two) working days upon receipt of the notice sent by MIRA.

### **18. Notifying MIRA after freezing the bank account**

- (a) Upon receipt of the notice issued by the MMA, the banks shall freeze the bank accounts forthwith in accordance with the notice.
- (b) On receipt of the notice specified in subsection (a), the bank shall notify MIRA in writing, the details of the accounts frozen, or whether an account of such person does not exist at the bank, or if the account of the person has been frozen under a Court Order or in any other manner, within 3 (three) working days. Furthermore, the bank shall forward the following details in writing to MIRA, regarding the frozen accounts in relation to the notice stipulated in subsection (a):
- (1) Name and permanent address of the owner whose accounts have been frozen;
  - (2) Identity Card number or the Registration number of the account owner;
  - (3) The time and date freezing was effectuated and the balance in the frozen accounts at that time;
  - (4) Details of credit arrangements or any other arrangements in relation to the accounts frozen, or details of any liens or any other charges by the bank on the money in the accounts.

## **19. Notification of bank accounts being frozen**

MIRA shall notify the bank account owner that their bank account has been frozen, on receipt of the notice referred to in Section 18(b) of this Policy.

## **20. Procedure on dealing with the frozen accounts**

Where more than one bank account is frozen under this Chapter, MIRA shall determine the account and the bank from which the outstanding amount shall be recovered in accordance with the following:

- (a) Where sufficient funds are available to settle the outstanding dues in full in more than one bank account, the account from which the money would be withdrawn shall be determined after deliberation with that person.
- (b) Where the individual bank accounts frozen do not have sufficient funds to settle the outstanding dues in full, but if the aggregate funds in accounts held by that person in one particular bank is sufficient to settle the outstanding dues, the accounts from which the funds would be withdrawn shall be determined after deliberation with that person.
- (c) Where individual bank accounts frozen do not have sufficient funds to settle the outstanding dues in full, but if the aggregate of funds in accounts of that person held in separate banks is sufficient to settle the outstanding dues, the banks and accounts from which the funds would be withdrawn shall be determined after deliberation with that person.
- (d) The banks and accounts from which the funds would be withdrawn if subsections (a), (b) or (c) do not apply, shall be determined after deliberation with that person.
- (e) Where the person does not cooperate in determining the account or accounts from which the money shall be withdrawn under this Section, the Commissioner General shall have the discretion to make such determination.

## **21. Withdrawal of funds**

- (a) Following the determination of the account from which the money shall be withdrawn pursuant to Section 20 of this Policy, MIRA shall notify the decision to the banks. The aforementioned notice shall request the release of accounts other than those from which the money is to be withdrawn, and a copy of the notice shall be sent to the owner of the account and the MMA.
- (b) The bank, on receipt of the notice specified in subsection (a), shall immediately act accordingly.

- (c) Upon the notification of the withdrawal of the amount from the accounts in accordance with subsection (a), the bank shall pay to MIRA the amount specified in the notice as stipulated by MIRA.

## **22. Providing the opportunity to pay**

The taxpayer may consult and come to an agreement with MIRA in relation to the options available for settling the outstanding dues, within 3 (three) working days of being notified of the frozen bank accounts pursuant to Section 19 of this Policy.

## **23. Notification of receipt of money**

MIRA shall notify the banks to release the accounts upon receipt of the outstanding amount. A copy of this notice shall be sent to the taxpayer and the MMA.

## **24. Circumstances under which the frozen bank accounts can be released**

- (a) A frozen bank account can only be released under the following circumstances, and in such circumstances the banks shall be notified to release the taxpayer's bank accounts.
  - (1) MIRA receiving the outstanding amount from the banks in full; or
  - (2) The elapse of 45 (forty-five) days from MIRA's notification to the bank to freeze the account of that person, even though the account does not have sufficient funds to pay the outstanding amount in full.
- (b) Notwithstanding subsection (a), and even though the account does not have sufficient funds to settle the outstanding amount in full, the Commissioner General shall have the discretion to maintain the taxpayer's account frozen where the Commissioner General believes that continued enforcement of this action shall contribute to the recovery of the outstanding dues.

## **25. Allowing money for basic necessities**

Where MIRA believes that the taxpayer would not have sufficient funds to meet basic necessities if the total amount due is withdrawn from the frozen account, the Commissioner General shall have the discretion to release the account without recovering the outstanding amount in full. This arrangement shall be made only after the taxpayer comes to an agreement with MIRA regarding the means to settle the payment.

## **26. Determining the date of the payment**

Where outstanding dues are recovered by freezing bank accounts, for the purpose of calculating fines or for any other purpose, the date of receipt of payment to MIRA shall be deemed to be the date on which that payment is deposited to the public bank account.

## **27. Access to details of bank accounts**

For the purposes of an audit or investigation being carried out by MIRA of a person suspected to have committed an offence under a Taxation Act, MIRA has the discretion, under Section 48 of the Act, to obtain the details of such person's bank accounts or accounts of persons associated with such person, money sent and received via the bank and details of other transactions undertaken via the bank.

## **28. Requesting for bank account details**

- (a) Requests to the MMA by MIRA for bank account details in accordance with Section 27 of this Policy shall be made via the designated form. The form shall include the following details:
  - (1) Name and address of the person;
  - (2) Business Registration number or Identity Card number of the person;
  - (3) Period for which the details of the bank account are required;
  - (4) Purpose for accessing the details of the bank account.
- (b) The MMA shall notify the banks to provide the required details to MIRA, within 2 (two) working days from the receipt of the form from MIRA.

## **29. Providing details of the bank account**

- (a) Upon the receipt of the notice sent by the MMA in accordance with Section 28(b) of this Policy, the bank shall provide in writing, the details of the accounts requested to MIRA within 7 (seven) days.
- (b) The document sent pursuant to subsection (a) shall specify the details of the money deposited, withdrawn and transferred to and from the account, and details of any other transactions undertaken or being undertaken by the owner using the account for the period requested by MIRA.

### **30. Non-responsibility for any loss**

MIRA, MMA and the banks shall not be responsible for any financial loss or any other loss caused in any way to the owner of the account for complying with the provisions of this Chapter.

### **31. Confidentiality**

Any information obtained by MIRA and banks in accordance with this Chapter shall not be disclosed to any persons in a manner that contradicts the relevant Laws and Regulations.

## **CHAPTER 5: TAKING ACTION AGAINST NON-PAYERS THROUGH STATE INSTITUTIONS**

### **32. Taking action through State Institutions**

This Chapter formulates the procedure for taking action against persons who have outstanding tax, fee, rent, royalty and any other amounts, through the relevant State Institutions.

### **33. Persons subject to action**

The following persons with outstanding tax, fee, rent, royalty or any other amounts shall have action taken against them under this Chapter:

- (a) Persons who import goods into the Maldives, or export goods out of the Maldives, and persons who sell imported goods in the Maldives;
- (b) Persons who operate restaurants, cafés, tea boutiques, canteens and other similar establishments;
- (c) Persons who operate tourist resorts, tourist hotels, guesthouses, tourist vessels, travel agencies and other persons who provide goods and services in the tourism sector;
- (d) Owners of vehicles and vessels registered under the Land Transport Act or Sea Transport Fee Act;
- (e) Persons who have been assigned as caretakers of uninhabited islands, persons who have rented land, and persons who have leased uninhabited islands for industrial and other purposes;

- (f) Persons who have entered into an agreement with the Government for the renting of Government land, buildings, and assets;
- (g) Persons who are required to make any other payment to the State.

### **34. Enforcing agencies**

- (a) The actions specified in this Chapter shall be taken jointly by MIRA and the Ministry of Economic Development, Ministry of Finance and Treasury, Ministry of Fisheries and Agriculture, Ministry of Tourism, Male' City Council, Maldives Customs Service, Department of Immigration and Emigration, Maldives Police Service and other State Institutions on whose behalf MIRA collects payments.
- (b) In complying with this Chapter, each enforcing agency shall take action in accordance with the laws and regulations related to that agency and the Public Finance Circular number 2011/7 (Consulting the Maldives Inland Revenue Authority before taking action that may affect the revenue receivable to the State) released by the Ministry of Finance and Treasury on 27 April 2011.

### **35. Sharing information**

MIRA shall share the information of taxpayers who have not paid the outstanding dues within the time period stipulated in the notice sent pursuant to Section (3)(b) of this Policy, in real time, with the enforcing agencies specified in Section 34 of this Policy, through the designated software.

### **36. Taking action**

- (a) The following actions shall be taken against any person whose information is shared with enforcing agencies under Section 35 of this policy.
  - (1) Services shall not be provided to persons on the list;
  - (2) No contracts shall be awarded through tender or otherwise, to persons on the list.
- (b) Where a person has not paid the outstanding amount within an additional 40 (forty) days from the day their information is shared under Section 35 of this Policy, enforcing agencies shall temporarily suspend the person's permits and determine to halt any on-going business activities of such persons until such time that they have fulfilled their obligation. Where such person's "status" has been determined, enforcing agencies shall take action against such persons within 5 (five) working days.

### **37. Notifying after taking action**

Any action taken pursuant to Section 36(b) of this Policy shall be updated in the relevant software by enforcement agencies.

### **38. Making payment**

Where a person subject to an action pursuant to Section 36(b) of this Policy settles all outstanding payments, any action taken against such person shall come to an end.

### **39. Dealing with persons who conduct business after action has been taken**

Where action has been taken against any person pursuant to Section 36(b), and where such person continues to conduct business activities, action shall be taken against such person by the enforcing agencies specified in Section 34 of this Policy pursuant to the relevant law, regulation or agreement.

### **40. Circumstances subject to exemption**

In complying with this Chapter, any basic or essential service provided by institutions and any services provided from one institution to another shall be exempt from being suspended.

## **CHAPTER 6: REQUIRING A THIRD PARTY TO PAY THE OUTSTANDING AMOUNT TO MIRA**

### **41. Requiring a third party to pay the outstanding amount to MIRA**

The following procedure shall be followed in the collection of outstanding tax, fee, rent, royalty or other payment from a third party:

- (a) Where MIRA believes that a third party has to make payment to a person to whom a notice has been issued pursuant to Section 3(b) of this Policy, MIRA may notify the third party to make such payment to MIRA.
- (b) A notice under subsection (a) shall be issued based on the information in MIRA's possession at the time, in the following order:

- (1) Where MIRA believes that a Government Authority or State Institution has any outstanding dues to the non-payer, MIRA shall notify such Government Authority or State Institution to make such payment to MIRA;
  - (2) Where MIRA believes that a company, partnership or individual has any outstanding dues to the non-payer, MIRA shall notify such company, partnership or individual to make such payment to MIRA.
- (c) The third party shall settle the outstanding payment to MIRA within 45 (forty-five) days upon receipt of a notice sent under this Section.
  - (d) The amount of money that MIRA notifies the third party to pay must not be greater than the outstanding amount of the non-payer.
  - (e) Upon the settlement of the outstanding amount pursuant to this Section, MIRA shall notify the aforementioned to the non-payer and the third party in writing.

## **CHAPTER 7: CIVIL COURT CLAIMS**

### **42. Priority order in filing cases in Civil Court**

- (a) The prioritization of cases filed in the Civil Court pursuant to Section 3(c)(4) of this Policy shall be determined based on the outstanding amount and the period the outstanding amount has been due.
- (b) Notwithstanding subsection (a), the Commissioner General shall have the discretion to refer to any other basis for the determination of prioritization, with reference to the particular circumstances.

### **43. Procedure for dealing with cases filed in court**

- (a) Where a case has been filed in Civil Court pursuant to Section 3(c)(4) of this Policy against a person with outstanding dues, the person may reach an out-of-court settlement with MIRA before a Court judgment is passed.
- (b) Where a person who wishes to reach a settlement under subsection (a) requests to make payment through an instalment plan, the opportunity may be afforded to him. In such case, the instalment plan shall be determined in accordance with Schedule 1 of this Policy, and the payment shall be made according to an instalment plan agreed upon and as stipulated in a Civil Court judgment.

## **CHAPTER 8: TAKING ACTION AGAINST PERSONS WHO ISSUE DISHONoured CHEQUES**

### **44. Taking action when a dishonoured cheque is issued**

- (a) This Chapter formulates the procedure that will be followed by MIRA in dealing with persons who issue dishonoured cheques that are returned as a result of insufficient funds in the bank account of the issuer or otherwise and the steps that will be taken in taking action against such persons pursuant to Section 39(a) of the Negotiable Instruments Act (Law Number 16/95).
- (b) Where a cheque presented to MIRA is dishonoured for any reason, the person who presented the cheque shall be notified of the receipt of such cheque from the bank via phone in addition to the following:
  - (1) That the amount specified in the cheque remains unsettled and where a fine or interest is applicable for non-payment of the amount, such fines and interests shall accumulate until the full settlement of outstanding dues;
  - (2) That the outstanding amount shall be settled either by cash or a bank guaranteed cheque within 3 (three) working days of the person being notified of the dishonoured cheque, and that where the person does not comply, the person shall be blacklisted in accordance with Section 47 of this Policy.

### **45. Notice to settle the outstanding amount**

- (a) Where a person who presented a dishonoured cheque cannot be reached over the phone or where such person fails to settle the outstanding amount in accordance with Section 44(b)(2) of this Policy, a notice shall be sent to such person to settle the outstanding amount within 7 (seven) days.
- (b) Where the notice stipulated in subsection (a) could not be delivered, such person shall be treated in accordance with Chapter 10 of this Policy.

### **46. Returning the cheque upon settlement of the outstanding amount**

- (a) Where the outstanding amount due in relation to a dishonoured cheque is fully settled, the cheque shall be returned to the presenter of the cheque. Where such cheque could not be returned to the presenter within 6 (six) months, the Commissioner General shall have the discretion to dispose the cheque.

- (b) Pursuant to subsection (a), the cheque shall only be returned upon presentation of the National Identity Card or any other official document certifying the identity of the person to whom the cheque is being returned.

#### **47. Blacklisting**

- (a) For the purposes of this Chapter, blacklisting refers to the process whereby a person is barred from making payments to MIRA other than by a bank guaranteed cheque or cash, until expiry of a specific period from the date of the receipt of the dishonoured cheque.
- (b) Notwithstanding the blacklisting of a person in relation to a dishonoured cheque presented to MIRA, where the person fully settles the outstanding amount within the periods stipulated in Section 45(a) of this Policy, such persons shall be removed from the blacklist.
- (c) Where a blacklisted person does not settle the outstanding amount in relation to a dishonoured cheque within the period stipulated in Section 45(a) of this Policy, the person shall only be removed from the blacklist as follows:
  - (1) Where the person is blacklisted for the first time, such person shall be removed from the blacklist after 3 (three) months following the date of full settlement of the outstanding amount.
  - (2) Where the person has been previously blacklisted, such person shall be removed from the blacklist after 6 (six) months following the date of full settlement of the outstanding amount.
- (d) Notwithstanding subsection (a), the Commissioner General shall have the discretion to accept cheques in relation to outstanding dues by a blacklisted person with reference to the particular circumstances.

#### **48. Other means for the recovery of the outstanding amount**

Action shall be taken against persons who fail to fully settle the outstanding amount within the period stipulated in the notice specified in Section 45 of this Policy in the following manner:

- (a) Issue a notice requiring the settlement of the outstanding amount within 20 (twenty) days;
- (b) Where the outstanding amount remains unsettled at the end of the period stipulated in subsection (a), such cases shall be submitted to the Maldives Police Service to be forwarded to the Prosecutor General's Office in order to proceed with taking legal

action against the issuer of the cheque in accordance with Section 39(a) of the Negotiable Instruments Act (Law Number 16/95).

- (c) Where the outstanding amount remains unsettled at the end of the period stipulated in subsection (a), action shall be taken against the person in accordance with Section 3(c) of this Policy;
- (d) Where the outstanding amount remains unsettled at the end of the period stipulated in subsection (a), action shall be taken against the issuer of the cheque and its presenter in accordance with Chapter 5 of this Policy.

#### **49. Issuer of the dishonoured cheque and the person liable to make the payment is different**

- (a) Where the issuer of the dishonoured cheque is different from the person who was liable to make the payment, copies of all the documents sent to the issuer of the cheque pursuant to this Policy, shall also be sent to such person.
- (b) Where the issuer of the dishonoured cheque is different from the person who was liable to make the payment, the latter shall be responsible for the actions specified in Section 44(b)(2) or 45(a) of this Policy. The issuer of the dishonoured cheque shall be prosecuted under such circumstances.

#### **50. Registration of persons making payments via cheque**

Persons making payments to MIRA by way of cheques shall register the respective bank accounts in a manner determined by MIRA.

## **CHAPTER 9: DISCLOSURE OF NON-FILERS AND NON-PAYERS**

#### **51. Disclosure of non-filers and non-payers**

This Chapter formulates the procedure that will be followed in disclosing information about persons who fail to file their BPT and GST Returns and make payment under the Business Profit Tax Act (Law Number 5/2011) and the Goods and Services Tax Act (Law Number 10/2011).

## **52. Persons whose names are disclosed**

- (a) The name, address, TIN and the registered taxable activities of taxpayers shall be disclosed under this Chapter. Where the non-payer is a company, information about the Managing Director of the company, provided by the taxpayer to MIRA or the Ministry of Economic Development, shall also be disclosed.
- (b) Persons who file their Returns but fail to make payment and vice versa shall not be disclosed under this Policy. Such persons shall be dealt with in accordance with Section 3 of this Policy.

## **53. Factors to be verified prior to disclosure**

- (a) The following factors shall be verified prior to the disclosure of any names under this Chapter:
  - (1) That the person who has not filed the Return and not made payment has not been deregistered nor has submitted an application for deregistration;
  - (2) That the person who has not filed the Return and not made payment is still carrying on business or holds a valid trade permit;
  - (3) That the person who MIRA believes is a non-filer and non-payer has not filed the Return with or made the payment to the Secretariat of a Council.
- (b) During the process of verifying the factors specified in subsection (a), a statement of the non-filer or non-payer shall be obtained in relation to the assertion made by MIRA. If the assertion made by MIRA is denied by such person, MIRA shall confirm the validity of the statement.
- (c) Notwithstanding subsection (b), where the person cannot be contacted via the contact number registered with MIRA or does not reside in the address registered in MIRA and, for those reasons, MIRA cannot obtain a statement from the person, the person's name shall be disclosed in accordance with this Chapter.
- (d) Where the factors to be confirmed pursuant to subsection (a) have been verified, and the Return is not filed and payment is not made within the periods stipulated in Section 54 and 55 of this Policy, the person shall be disclosed in accordance with those Sections.

## **54. Procedure on disclosure of persons carrying on business in Male' region**

- (a) This Section shall apply to persons carrying on business in the Male' region.

- (b)
- (1) Subsequent to the verification of factors specified in Section 53 of this Policy, names of non-filers and non-payers of GST shall be published on MIRA's website on the 30<sup>th</sup> day of the month following the month in which their GST Return for that quarter was due. Such publication shall be of persons who failed to file their GST Return and pay tax by the end of the day prior to the aforementioned date.
  - (2) Persons on the list of names published on MIRA's website pursuant to subsection (b)(1) who fail to file their GST Return and pay tax shall have their names sent to be published in the Government Gazette on the 15<sup>th</sup> day of the second month following the month in which their GST Return for that quarter was due. Such names sent to be published in the Gazette shall be of persons who failed to file their GST Return and pay tax by the end of the day before the day on which documents to be published in the Gazette are required to be sent. Such names shall also be published in Male' City Council's notice board.
- (c)
- (1) Subsequent to the verification of factors specified in Section 53 of this Policy, names of non-filers and non-payers of BPT shall be published on MIRA's website on the 30<sup>th</sup> day of the September following the end of the tax year for which their BPT Return was due. Such publication shall be of persons who failed to file their BPT Return and pay tax by the end of the day prior to the aforementioned date.
  - (2) Persons on the list of names published on MIRA's website pursuant to subsection (c)(1) who fail to file their BPT Return and pay tax shall have their names sent to be published in the Government Gazette on the 15<sup>th</sup> of October of the year following the end of the tax year for which their BPT Return was due. Such names sent to be published in the Gazette shall be of persons who fail to file their BPT Return and pay tax by the end of the day on which documents to be published in the Gazette are required to be sent. Such names shall also be published in Male' City Council's notice board.

#### **55. Procedure on disclosure of persons carrying on business outside Male' region**

- (a) This Section shall apply to persons carrying on business outside Male' region.
- (b)
  - (1) Subsequent to the verification of factors specified in Section 53 of this Policy, names of non-filers and non-payers of GST shall be published on MIRA's website on the 15<sup>th</sup> day of the second month following the month in which their GST Return for that quarter was due. Such publication shall be of persons who failed to file their GST Return and pay tax by the end of the day prior to the aforementioned date.

- (2) Persons on the list of names published on MIRA's website under subsection (b)(1) who fail to file their GST Return and pay tax shall have their names sent to be published in the Government Gazette on the 30<sup>th</sup> of the month following the second month in which their GST Return for that quarter was due. Such names sent to be published in the Gazette shall be of persons who failed to file their GST Return and pay tax by the end of the day before the day on which documents to be published in the Gazette are required to be sent. Such names shall also be published in Atoll Council's and Island Council's notice boards.
- (c)
- (1) Subsequent to the verification of factors specified in Section 53 of this Policy, names of non-filers and non-payers of BPT shall be published on MIRA's website on the 30<sup>th</sup> of September of the year following the year for which their BPT Return for that year was due. Such publication shall be of persons who failed to file their BPT Return and pay tax by the end of the day prior to the aforementioned date.
- (2) Persons on the list of names published on MIRA's website under subsection (c)(1) who fail to file their BPT Return and pay tax shall have their names sent to be published in the Government Gazette on the 15<sup>th</sup> of October of the year following the year for which their BPT Return for that year was due. Such names sent to be published in the Gazette shall be of persons who failed to file their BPT Return and pay tax by the end of the day before the day on which documents to be published in the Gazette are required to be sent. Such names shall also be published in the Atoll Council's and Island Council's notice boards.

#### **56. Payment or submission of return of a person who is on the list**

Any person who submits the respective return or makes the outstanding payment after the list has been published on MIRA's website shall have his name removed from the list.

#### **57. Procedure relating to persons required to file monthly GST Returns**

For the purposes of this Chapter, persons required to file GST Returns and make payment on a monthly basis under the Goods and Services Tax Act shall be considered as non-filers or non-payers of tax where such persons fail to file their GST Return and pay tax for at least 1 (one) month during the respective quarter.

#### **58. Procedure on dealing with disclosed persons**

The following actions shall be taken against persons disclosed in the Government Gazette in accordance with this Chapter:

- (a) The person shall be audited pursuant to a Tax Law and the amount payable shall be assessed.
- (b) Where the person could not be traced at the time of disclosure, and the person has not filed the Return or paid tax after 15 (fifteen) days from the date of disclosure, action shall be taken against him pursuant to Chapter 10 of this Policy.

#### **59. Disclosure of information of persons subject to action**

MIRA may, at its discretion, disclose the name of persons subject to action under Section 36 of this Policy.

#### **60. Persons exempt from taking action**

Non-filers and non-payers subject to an audit with respect to non-filing or non-payment shall not have their names disclosed under this Chapter.

#### **61. Steering Committee**

The Steering Committee convened by the Commissioner General shall determine the procedures to be followed in executing the provisions of this Chapter and the persons who will be responsible for performing those procedures, and shall be responsible for the overall coordination of the performance of the provisions of this Chapter. The Steering Committee shall include staff selected from the relevant departments of MIRA.

## **CHAPTER 10: TAKING ACTION AGAINST SKIP TRACING PERSONS**

#### **62. Persons who cannot be traced**

This Chapter formulates the procedure that shall be followed by MIRA in dealing with persons required to pay tax, fee, rent, royalty and other such payments to MIRA, but cannot be reached in any manner for not residing in the address provided to MIRA, for being unable to contact via the phone number or email address registered with MIRA,

for not being able to deliver notices regarding their outstanding amounts in accordance with Section 3(a) and (b) of this Policy or for being unable to locate or contact in relation to a compliance inspection, audit or an investigation carried out by MIRA.

### **63. Factors to confirm prior to the commencement of skip tracing**

The following factors shall be confirmed prior to taking action against any person under this Chapter:

- (a) Where notices are not being delivered to the address provided to MIRA, visit the address to ensure that the person does not reside in that address;
- (b) The person is unable to be contacted via the contact numbers and email addresses that have been provided to MIRA.
- (c) Where the address given by the person is not located in Male', Hulhumale' or Villimale', MIRA shall request the respective Island Council to check whether the person resides in the address. Where such a request by MIRA to the Island Council is not responded to within 10 (ten) days, MIRA shall have the discretion to determine that the person cannot be traced and disclose the person's name.

### **64. Gathering information from third parties**

- (a) Prior to determining that a person cannot be traced, MIRA shall request for information of the person from State Institutions that MIRA believes possess the information of such persons.
- (b) Where information required in accordance with subsection (a) is related to a company, MIRA shall request the Registrar of Companies for the information of the company and its directors.
- (c) MIRA shall request the relevant institutions to provide the information under this section within 10 (ten) days. Where MIRA does not receive the required information from such institution or 15 (fifteen) days elapsed without a response from the institutions, it shall be deemed by MIRA that the information was not obtained and MIRA shall proceed with taking necessary action.

### **65. Compiling and updating the list of persons who cannot be traced**

- (a) A list containing the names, addresses and TINs of the persons that cannot be traced shall be compiled and maintained in accordance with Section 63 and 64 of this Policy. Where the person who cannot be traced is a company, the list shall include the

information of the most recent managing director of the company that was provided by the person to MIRA or Ministry of Economic Development.

- (b) By using information gathered in accordance with Section 64 of this Policy from State institutions and other avenues, where communication is established with the person who could not be traced and documents relating to the person are delivered, or a payment plan of the outstanding dues is agreed upon with MIRA, the person's information shall be removed from the list.
- (c) Notwithstanding communication established with the person who could not be traced, where the person refuses to cooperate with MIRA with regard to the purpose of locating such person, the person's name shall not be removed from the list. Where such person is being traced in relation to a compliance inspection or an audit and the person does not cooperate with MIRA, such cases shall be further investigated by the Investigation Unit of MIRA. Where such person is being traced in relation to outstanding dues to MIRA and the person does not cooperate with MIRA, such cases shall be handled jointly by MIRA and the Maldives Police Service.

#### **66. Publicizing the list**

- (a) The list of persons who cannot be traced compiled in accordance with Section 65(a) of this Policy shall be published in MIRA's website. The list shall also be displayed in the Taxpayer Service Centre of MIRA and other places determined by MIRA.
- (b) Where 20 (twenty) days elapse following the application of subsection (a) without contacting the person with outstanding dues or filing obligations, the information of such person shall be published in the Government Gazette.
- (c) Where 15 (fifteen) days elapse following the application of subsection (b) without contacting the person with outstanding dues or filing obligations, the information of such person shall be announced by means of TV and radio.
- (d) Where 10 (ten) days elapse following the application of subsection (c) without contacting the person with outstanding dues or filing obligations, and where such person is a foreigner, the person shall be located through the respective embassy, high commission and other such institutions.

#### **67. Court claims**

Notwithstanding Section 66 of this Policy, where MIRA is notified to locate the whereabouts of a person with respect to a court claim for the recovery of dues by MIRA and where such persons cannot be traced, any means specified in the aforementioned Section can be exercised for the purpose of obtaining information of such persons.

## CHAPTER 11: GENERAL PROVISIONS

### 68. Making regulations and administration

- (a) Where a person who has outstanding dues intends to depart the Maldives, or where such a party is a company and the company intends to halt its residency in the Maldives, or where such a party intends to transfer any monies or assets out of the Maldives, or under any other circumstance, the Commissioner General has cause to believe that there may be an impediment to the collection of amounts payable, the Commissioner General, at his discretion, may proceed with action pursuant to Section 3 of this Policy without prior notice given to such person.
- (b) Where MIRA has instigated court proceedings to recover outstanding dues, the person shall be exempt from action taken under Chapter 5 of this Policy until the court makes a judgment.

### 69. Persons whose input tax is greater than output tax

Where a person registered in accordance with the Goods and Services Tax Act (Law Number 10/2011) supplies zero-rated goods and services or general sector goods and services, and where such person's input tax exceeds his output tax over a 12 (twelve) month period, the Commissioner General, at his discretion, may allow such excess to be set off against an amount payable by the person under another tax type. MIRA shall facilitate such an arrangement, after the person requests as such in writing and the fulfilment of the requirements specified in Section 69(c) of the Regulation.

### 70. Non-responsibility for losses

Any enforcing agency acting in accordance with this Policy shall not be held liable for any financial or any other loss caused or may be caused from any action taken pursuant to this Policy.

### 71. Collecting non-tax revenue in the same manner as tax

With respect to monies collected by MIRA, action taken under this Policy in the collection of unpaid tax shall also be taken for the collection of outstanding non-tax revenue.

## **72. Prioritising the principal amount**

The amount collected in accordance with this Policy from a person with outstanding dues shall be offset in the order: principal amount, fines, and interest.

## **73. Policy to be read together with Tax Laws**

This Policy shall be read together with the Tax Administration Act, other Tax Laws and regulations made pursuant to the Acts. Any word or expression defined in this Policy, unless the context otherwise requires, shall have the same meaning such word or expression has in those laws and regulations.

## **74. Counting days**

Unless explicitly specified otherwise in this Policy, public holidays and government holidays shall be included in computing the periods specified in this Policy.

## **75. Definitions**

Unless otherwise specified in this Policy:

“Bank” refers to the banks and financial institutions within the scope of the Maldives Banking Act (Law Number 24/2010).

“Quarter” shall have the same meaning as in MIRA’s Tax Ruling 220-PR/TR/2011/3 (24 November 2011).

“Commitment payment” refers to the amount payable to MIRA in accordance with Schedule 1 of this Policy before signing the instalment agreement whereby payment of outstanding dues is allowed to be made on instalment basis in accordance with Chapter 3 of this Policy.

“Compliance inspection” refers to all work, other than audits or investigations) done by MIRA to check the level of compliance of the taxpayers with the laws and regulations.

“Commissioner General” refers to the Commissioner General of Taxation appointed pursuant to the Tax Administration Act (Law Number 3/2010).

“MMA” refers to the Maldives Monetary Authority established pursuant to the Maldives Monetary Authority Act (Law Number 6/81).

“Male’ region” refers to Male’, Villimale’, Hulhumale’, Gulhifalhu, Hulhule’ and Thilafushi.

“MIRA” refers to the Maldives Inland Revenue Authority established pursuant to the Tax Administration Act (Law Number 3/2010).

“Outstanding dues” is inclusive of fines and interest payable.

“Regulation” refers to the Tax Administration Regulation (Regulation Number 2013/R-45).

“Act” refers to the Tax Administration Act (Law Number 3/2010).

## **76. Commencement and policies repealed**

- (a) This Policy shall commence from the date of its publication in the Government Gazette.
- (b) Upon commencement of this Policy, the “Policy on Enforcing Dues to the State as of 31 December 2010”, the “Policy on Skip Tracing Persons with Dues to the State” published in the Gazette on 19 April 2012, the “Policy on Dealing with Persons that Issue Dishonoured Cheques to MIRA” published in the Gazette on 25 June 2012, the “Policy on Accessing Information of Banks Accounts of Taxpayers and Freezing their Bank Accounts” published in the Gazette on 28 August 2012, and the “Policy on Disclosure of Non-compliant GST Registered Persons” published in the Gazette on 13 March 2012 shall be repealed. Any further action to be taken under the aforementioned policies shall be taken in accordance with this Policy.

**SCHEDULE 1: Table used to determine commitment payment and instalment amount**

Commitment Payment (%)			Amount Payable (in the currency payable)	Number of Instalments		
BPT	GST*	Other		Category A	Category B	Category C
Less than 20,000						
25%	50%	30%	20,000	1	1	0
25%	50%	30%	30,000	2	1	0
25%	50%	30%	45,000	3	2	1
25%	50%	30%	60,000	4	2	1
25%	50%	30%	80,000	5	3	2
25%	50%	30%	100,000	6	3	2
20%	45%	25%	150,000	7	4	2
20%	45%	25%	300,000	8	4	2
20%	45%	25%	500,000	9	5	2
20%	45%	25%	800,000	10	5	3
20%	45%	25%	1,250,000	11	6	3
20%	45%	25%	2,000,000	12	6	3
15%	40%	20%	3,000,000	13	7	3
15%	40%	20%	4,500,000	14	8	4
15%	40%	20%	6,500,000	15	9	5
15%	40%	20%	9,000,000	16	10	5
15%	40%	20%	12,000,000	17	11	5
15%	40%	20%	15,000,000	18	12	6

**Note:**

**Category A:** This category includes persons against whom no action has been taken in accordance with Section 3(c) of this Policy to date.

**Category B:** This category includes persons against whom action has been taken in accordance with Section 3(c)(1), (2) or (3) of this Policy and persons to whom Section 12(a)(7) of this Policy apply.

**Category C:** This category includes persons against whom a Civil Court case has been filed in accordance with Section 3(c)(4) of this Policy, but judgment has not yet been passed.

\*If the outstanding amount remaining is fines relating to GST, the Commissioner General shall have the discretion to lower the commitment payment up to 30%.